

DHARIWAL INFRASTRUCTURE LIMITED

Comments on Draft Central Electricity Regulatory Commission (Ancillary Services) Regulations, 2021.

At the outset, Dhariwal Infrastructure Limited (“**DIL**”) would like to thank the Hon’ble Central Electricity Regulatory Commission (“**Hon’ble Commission**”) for bringing out the Draft Central Electricity Regulatory Commission (Ancillary Services) Regulations, 2021 (“**Draft Regulations**”) and providing the stakeholders an opportunity to provide comments/suggestions on the same. The comments and suggestions on behalf of DIL on the Draft Regulations are provided in the following matrix for the kind perusal and consideration of the Hon’ble Commission.

Regulation	Particulars	Comments and Suggestions
7 and 9	<p><i>7 (1) A generating station or an entity having energy storage resource or demand side resource, connected to inter-State transmission system or intra-State transmission system, shall be eligible to provide Secondary Reserve Ancillary Service, as an SRAS Provider, if it</i></p> <p><i>9(8) In case of the generating stations whose tariff is determined by the Commission under Section 62 of the Act, the Nodal Agency shall identify the generating stations for providing SRAS.</i></p>	We humbly request the Hon’ble Commission to allow participation of the generating stations on voluntary basis based on the willingness of the generators.
7	<p><i>(1) (d) has metering and SCADA telemetry in place for monitoring and measurement of energy delivered under SRAS, as stipulated in the Detailed Procedure by the Nodal Agency;</i></p>	We request the Hon’ble Commission to kindly clarify how to segregate the quantity of response separately for PRAS, SRAS & TRAS. This is critical in terms of identifying DSM impacts
7	<p><i>(1) A generating station or an entity having energy storage resource or demand side resource, connected to inter-State transmission system or intra-State transmission system, shall be eligible</i></p>	We request the Hon’ble Commission to replace the phrase “SRAS capacity obligation within 15 minutes” with “target load generation within 15 minutes”, wherein average load of 15 minute block should not to be considered.

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	<p><i>to provide Secondary Reserve Ancillary Service, as an SRAS Provider, if it</i></p> <p><i>(e) is capable of responding to SRAS signal within 30 seconds and providing the entire SRAS capacity obligation within fifteen (15) minutes and sustaining at least for the next thirty (30) minutes;</i></p>	
8	<p><i>(2) The Area Control Error (ACE) for each region would be auto-calculated at the control centre of the Nodal Agency based on telemetered values, and the external inputs referred to in clauses (3) and (4) of this regulation, as per the following formula:</i></p> $ACE = (I_a - I_s) - 10 * B_f * (F_a - F_s) + Offset$ <p><i>Where,</i></p> <p><i>I_a = Actual net interchange in MW (positive value for export)</i></p> <p><i>I_s = Scheduled net interchange in MW (positive value for export)</i></p> <p><i>B_f = Frequency Bias Coefficient in MW/0.1 Hz (negative value)</i></p> <p><i>F_a = Actual system frequency in Hz</i></p> <p><i>F_s = Schedule system frequency in Hz</i></p> <p><i>Offset = Provision for compensating for metering and measurement error</i></p>	<p>We request the Hon'ble Commission to bring more clarity to the formula of Area Control Error by substantiating the same by including the definition of the term 'frequency bias', Actual Net Interchange and Schedule Net Interchange with proper example to understand the movement and sign of power flow(import/export) for maintaining the safety, stability and reliability of the Grid.</p>

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9	<p><i>(2) An SRAS Provider willing to participate in SRAS shall be required to provide standing consent to the Nodal Agency for participation, which shall remain valid till it is modified or withdrawn:</i></p> <p><i>Provided that standing consent cannot be modified or withdrawn without giving notice of at least forty-eight hours.</i></p>	<p>We request the Hon'ble Commission to kindly clarify that since SRAS cannot be revised without giving notice of at least 48 hours, what shall happen when the respective unit faces any technical issue which may even include situations of forced outage.</p>
10	<p><i>(11) Average of SRAS-Up and SRAS-Down MW data shall be calculated by the Nodal Agency for every 5 minutes in absolute terms using archived SCADA data at the Nodal Agency and reconciled with the data received at the control centre of the SRAS Provider and shall be used for payment of incentive as per Regulation 12 of these regulations.</i></p>	<p>The Hon'ble Commission may kindly clarify whether reconciliation of energy for incentive payment proposed in 5minute blocks should be in 15 minute blocks as is it stipulated for payment of variable as per Clause 10(12) of the instant Regulation.</p>
11	<p>Payment for SRAS</p> <p><i>(1) SRAS Provider shall be paid from the Deviation and Ancillary Service Pool Account, at the rate of their variable charge or compensation charge, as declared by the SRAS Provider, as the case may be, for the SRAS-Up MW quantum despatched for every 15 minutes time block, calculated as per clause (12) of Regulation 10 of these regulations.</i></p> <p>....</p>	<p>We request the Hon'ble Commission to allow generators to declare their variable charge considering the marginal cost of generation for the SRAS-Up MW quantum despatched in a given 15 minutes time block.</p> <ul style="list-style-type: none"> • It is noteworthy that responding to SRAS-Up in response to secondary control signal from the Nodal Agency would imply requirement of use of coal by the generating company. The marginal cost of last unit of generation is different than the linkage coal cost, whose impact in many cases, may be pending before the Hon'ble Commission for approval. In view of the same, the Hon'ble

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		<p>Commission may allow the generators to declare their variable charge without making it mandatory to take into account the variable charge that has been approved/adopted by the Hon'ble Commission.</p> <ul style="list-style-type: none"> • Further, it is also understood that the rights of utilization of concessional fuel under the FSA for offtake of power lies with the beneficiary to which it has been tied up under the FSA. In view of the same, generators may be allowed use of Coal from alternative sources also as per requirement.
17	<p><i>(1) The price discovery for TRAS-Up shall be based on the principle of Uniform Market Clearing Price.</i></p> <p><i>(2) The highest Energy-Up bid corresponding to the requirement for TRAS-Up as intimated under clause (1) of Regulation 16 of these regulations, shall be the Market Clearing price for Energy-Up in the Day Ahead Market (MCP-Energy-Up-DAM) or in the Real Time Market (MCP-Energy-Up-RTM), as the case may be.</i></p>	<ul style="list-style-type: none"> • The Draft Regulation stipulates the price discovery for TRAS-Up based on the principle of Uniform Market Clearing Price. In view of the same, it is submitted that considering the demand for tertiary reserve to be spread out across India and the same being monitored by system operator, it needs to be clarified by the Hon'ble Commission as to how the allotment of reserve will work in the present situation wherein more than one power exchange operates in the country and prior to market coupling mechanism is put in place. • It may also be clarified by the Hon'ble Commission whether the bidding process undertaken on Day Ahead Market or Real Time Market shall mandatorily have to be carried out by a generator only or it can also involve a trader as per the present practice of bidding.
19	<p><i>(2) TRAS-Up Provider shall receive commitment charges at the rate of ten percent of the MCP-Energy-</i></p>	<p>In our opinion, the said provision of receiving only a smaller commitment charges for the quantum not required to be</p>

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	<i>Up-DAM or the MCP-Energy-Up-RTM, as the case may be, subject to the ceiling of 20 paise/kWh for the quantum of TRAS-Up cleared in the Day Ahead Market or the Real Time Market as the case may be, but not instructed to be despatched by the Nodal Agency.</i>	despatched, even if the same was cleared, shall hold back the generator from profitably selling energy into spot energy markets, further incurring an additional opportunity cost, equal to the higher revenue foregone. The Hon'ble Commission may please increase the incentive for TRAS providers to allow larger participation of the said reserves
Appendix II (2)	<i>SRAS Provider shall be eligible for incentive based on the performance measured as above and the 5-minute MWh data calculated for SRAS-Up and SRAS-Down as per clause (9) of Regulation 10 of these regulations and aggregated over a day, as under:</i>	We humbly request the Hon'ble Commission, that there is a need to provide a higher rate of performance-based incentive to the generators providing the SRAS-Down service, as Generators, while reducing the load will be affected by deteriorating heat rate, higher O&M cost, requirement of support of oil for unit stabilization and other parameters on account of low loading factor etc. Further incentivization of the generator will provide them with better opportunities to make themselves available as a SRAS provides.
	<i>General</i>	Ancillary Services operation through SRAS and TRAS mode may contradict the basic principle of sign reversal in DSM Regulations at different occasions. When there is a need for sign reversal of generation according to DSM Regulations, SRAS signals and TRAS requirement may prevent such reversal of sign, thereby causing imposition of penalty on the entities as per DSM regulations. Clarification is necessary on how to take care of this aspect under these Regulations. In such a scenario, we request the Hon'ble Commission to do away with such penalty.